

What happens when a business fails to file their Property Statement?

Like the IRS and other authorities, when a business fails to file a property statement, the Assessor shall estimate the value of the company's assets and equipment, and levy a 10% penalty. Also, should you fail to file the property statement timely, the 10% penalty will be applied to your property tax bill.

This brochure answers some frequently asked questions. For more information, go to the Assessor's website at www.sccassessor.org.

E-File Made Easy!

Just go to: <https://efile.sccassessor.org/>



Need to contact us?

Business Division
Office of the Assessor

Office Hours:
Monday to Friday
8:00am - 5:00pm

Phone (408) 299-5400
Fax (408) 298-9441
busdiv@asr.sccgov.org
www.sccassessor.org

All Other General Questions
/Public Service

Phone (408) 299-5500
Fax (408) 298-9446
www.sccassessor.org

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Assessor's Office Information Guide for New Business Owners

*What new business owners
need to know about filing
annual Business Property
Statements (BPS)*

LAWRENCE E. STONE
Assessor



Office of the Assessor
County of Santa Clara
County Government Center,
70 West Hedding St, 5th Fl East Wing
San Jose, CA 95110-1771

For questions, please contact the Business Division at
(408) 299-5400.

Necesita ayuda? La Oficina del Assessor tiene
empleados fluyentes en Español. Llámenos al
(408)299- 5500.

Frequently Asked Questions

Q. What is Business Personal Property?

A. Business property is any tangible property owned, claimed, used, possessed or controlled in the conduct of a trade or business. In general, business personal property is ALL property owned or leased by a business except real property and inventory. Inventory is property held for sale or lease to others in the course of your business operations.

Q. Why are you taxing my business assets?

A. The State Constitution says ALL property is subject to property tax. Most people are familiar with the property taxes on their home. Similarly the assets of a business are subject to assessment. Assessable business assets include all machinery, office furniture and equipment, non-licensed vehicles, process or trade fixtures, and any inventory that is out on rent or lease on January 1. Stand alone computer programs like Excel and D-Base, business inventories, licensed vehicles and any intangible assets are exempt from assessment.

Q. How is the assessed value determined?

A. Assessment begins with the cost of the asset, including sales tax, freight and installation, but not including any trade in. This cost basis is generally the same as your tax basis. The assessor applies a depreciation factor to the asset cost and this becomes the assessed value. The depreciation schedule is different from the tax depreciation schedule your tax accountant uses. Our depreciation schedule is based on expected economic life.

Q. What is a Business Property Statement Form?

A. Every year around January 1st, the Assessor's Office notifies business, apartment, agricultural, aircraft, and boat owners to file a property statement. The most common form is the Business Property Statement form 571-L for businesses. The five types of property statements are: Form 571-L for businesses, Form 577 for aircrafts, Form 571-F for agricultural businesses, Form 571-R for apartment complexes, and Form 576-D for vessels (boats and jet skis). If you receive the Assessor's notice to file or if you have an aggregate cost of \$100,000 or more in personal property within Santa Clara County on the January 1st lien date, you are required to file the property statement by April 1st. The property statement needs to be completed and returned to the Assessor every year, even if there are no changes.

Q. I was not open for business on January 1. Do I still have to file the business property statement?

A. Yes. A business does not have to be open for its taxable personal property to be subject to assessment. For example, let's presume that on the lien date, January 1, a new pizza parlor is under construction and nearly ready for its grand opening. Even though the pizza parlor was not open for business on the lien date, taxable business personal property (such as furniture, ovens and supplies) was in the owner's possession on the lien date and the Assessor is required to assess it.

Q. How do I file a Business Property Statement?

A. There are three ways to file your property statement:

1. Electronic filing (Assessor's website), this is available for most filers, and is the easiest way to file. To e-file, go to <https://efile.sccassessor.org/>

2. Paper (printed statement), downloaded from the Assessor's website, completed and mailed to the Assessor's Office.
3. Standard Data Record (SDR), this is available for businesses with numerous locations.

Q. How do I open a personal property account with the Business Division?

A. You can open an account by completing the questionnaire included in this brochure. The questionnaire can be sent by email, mail, or fax. You can also send a letter describing your business to the Assessor's Office, or by calling or visiting our office. Our office is open Monday through Friday, 8:00AM to 5:00PM.

Q. How much will my taxes be?

A. The tax rate is usually a little more than 1% of the assessed value. Generally, using a rate of 1.25% will give a conservative estimate. For example, if your business assets cost basis is \$15,000, and the depreciated assessed value is \$12,000, your property taxes will be about \$150.

Q. When do I get my personal property tax bill?

A. If you do not own the real property where the business is conducted, and if the business property statement was filed timely, you should receive your bill by the end of July. Payment will become delinquent and subject to penalties and interest after August 31st. If you own the real property, the assessed value of your business assets may be added to the value of the real property and you will receive the secured tax bill by October.

Q. Is my Business Property Statement confidential?

A. Yes. Business Property Statements are confidential documents and are not part of the public record.